

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Washtenaw County ETCS Group Fund</b>	County <b>Washtenaw</b>
Audit Date <b>12/31/05</b>	Opinion Date <b>2/7/06</b>	Date Accountant Report Submitted to State: <b>3/20/06</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) <b>Stewart, Beauvais &amp; Whipple PC</b>			
Street Address <b>1979 Holland Avenue</b>	City <b>Port Huron</b>	State <b>MI</b>	ZIP <b>48060</b>
Accountant Signature <i>Stewart, Beauvais &amp; Whipple</i>			Date <b>3/20/06</b>

**WASHTENAW COUNTY EMPLOYMENT TRAINING  
AND COMMUNITY SERVICES FUND  
Ann Arbor, Michigan**

**ANNUAL FINANCIAL REPORT  
with Supplementary Information**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

Stewart,  
Beauvais  
& Whipple P.C.

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CERTIFIED PUBLIC ACCOUNTANTS



**WASHTENAW COUNTY EMPLOYMENT TRAINING  
AND COMMUNITY SERVICES FUND**

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## INDEPENDENT AUDITOR'S REPORT

To the County Board of Commissioners  
Washtenaw County Employment Training  
and Community Services Fund  
Ann Arbor, Michigan

We have audited the accompanying financial statements of the Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan, as of December 31, 2005, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Washtenaw County Employment Training and Community Services department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Washtenaw County Employment Training and Community Services Fund and are not intended to present fairly the financial position and the results of operations of Washtenaw County, Michigan, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan, as of December 31, 2005, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 2, 2005, on our consideration of the Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

  
Certified Public Accountants

February 7, 2006

**WASHTENAW COUNTY EMPLOYMENT TRAINING AND  
COMMUNITY SERVICES FUND**

**COMBINED BALANCE SHEET  
DECEMBER 31, 2005**

**ASSETS**

**Assets**

Cash	\$ 817,016
Due from grantor agency	1,081,141
Due from Washtenaw County	8,629
Due from other funds	162,447
Undistributed costs	<u>32,444</u>
<b>Total assets</b>	<u><u>\$ 2,101,677</u></u>

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Cash overdraft	\$ 1,004,301
Accrued liabilities	222,560
Due to other funds	162,447
Deferred revenue	<u>109,230</u>
Total liabilities	1,498,538

<b>Fund balance</b>	<u>603,139</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 2,101,677</u></u>

See Notes to Financial Statements

**WASHTENAW COUNTY EMPLOYMENT TRAINING AND  
COMMUNITY SERVICES FUND**

**COMBINED STATEMENT OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**Revenues**

Intergovernmental	\$ 7,551,978
Other revenue	218,183
Total revenues	<u>7,770,161</u>

**Expenditures**

Social services	<u>8,397,743</u>
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Revenues (under) expenditures	(627,582)
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**Other financing sources**

Operating transfers in	<u>595,374</u>
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Revenues and other sources over (under) expenditures	(32,208)
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Fund balance, beginning	<u>635,347</u>
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<b>Fund balance, ending</b>	<u><u>\$ 603,139</u></u>
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See Notes to Financial Statements

**WASHTENAW COUNTY EMPLOYMENT TRAINING AND  
COMMUNITY SERVICES FUND**

**COMBINED STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budget</u>	<u>Actual</u>	Actual Over (Under) <u>Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 7,734,336	\$ 7,551,978	\$ (182,358)
Other revenue	<u>156,020</u>	<u>218,183</u>	<u>62,163</u>
Total revenues	7,890,356	7,770,161	(120,195)
 <b>Expenditures</b>			
Social services	<u>8,485,631</u>	<u>8,397,743</u>	<u>(87,888)</u>
 Revenues (under) expenditures	(595,275)	(627,582)	(32,307)
 <b>Other financing sources</b>			
Operating transfers in	<u>595,275</u>	<u>595,374</u>	<u>99</u>
 Revenues and other sources over (under) expenditures	-	(32,208)	(32,208)
 Fund balance, beginning	<u>635,347</u>	<u>635,347</u>	<u>-</u>
 <b>Fund balance, ending</b>	<u><u>\$ 635,347</u></u>	<u><u>\$ 603,139</u></u>	<u><u>\$ (32,208)</u></u>

See Notes to Financial Statements

# WASHTENAW COUNTY EMPLOYMENT TRAINING AND COMMUNITY SERVICES FUND

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

The accounting methods and procedures adopted by the Washtenaw County Employment Training and Community Services Fund conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following Notes to the Financial Statements are an integral part of the basic financial statements.

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Washtenaw County Employment Training and Community Services Department (the "ETCS Group") is responsible for operating and/or administering various workforce development and community service grant programs for the benefit of eligible residents of Washtenaw County in accordance with the terms and provisions of the related program contracts and regulations.

**Reporting Entity** - These financial statements present the financial condition and the results of operations of a special revenue fund of Washtenaw County, Michigan (the "County") and are an integral part of that reporting entity. The ETCS Group is not a component unit of Washtenaw County or any other reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*.

**Basis of Accounting** - The ETCS Group uses a fund (i.e., a separate accounting entity with self-balancing set of accounts) to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions and activities.

The ETCS Group is operated as a special revenue fund, a governmental fund type, which is used to account for specific revenue sources that are legally restricted to expenditure for specified purposes. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). The ETCS Group considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

**Short-Term Interfund Receivables/Payables** - During the course of operations, numerous transactions occur between the ETCS Group and Washtenaw County for goods provided, services rendered or the transfer of County appropriations. These receivables and payables are classified as "due from (to) other funds of Washtenaw County" on the balance sheet.

**Deferred Revenue** - The ETCS Group receives advances for certain grant programs. Deferred revenue is recorded for these programs to the extent that cash receipts exceed expenditures.

**Budgetary Accounting** - The ETCS Group's special revenue fund is under formal budgetary control and follows the County's annual budget process in establishing the budgetary data presented in the financial statements. The annual fiscal budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America and the requirements of the various grantor agencies.



**WASHTENAW COUNTY EMPLOYMENT TRAINING  
AND COMMUNITY SERVICES FUND**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**NOTE 2 - CASH:**

The ETCS Group, along with the various other funds and component units of the County of Washtenaw, participates in the County's pooled cash management accounts. At December 31, 2005, the ETCS Fund had an overdraft from the County's cash pool of \$187,283.

Information regarding this cash management pool is presented in the County's comprehensive annual financial report.

**NOTE 3 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS:**

The ETCS Group operations are concentrated in programs that are funded by the federal and state governments. These program areas operate in a heavily regulated environment. The operations are subject to the administrative directives, rules and regulations of federal and state regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by both United States and Michigan departments. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

**NOTE 4 - CONTINGENT LIABILITIES:**

Grants received by the ETCS Group require the fulfillment of certain conditions as set forth in the grant. Failure to fulfill the conditions could result in the return of funds to the grantor. Although there is a possibility that grant requirements have not been met, the Board deems the contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the granting organization to the provisions of the grant.

**NOTE 5 - CONTRACT COMMITMENTS:**

The ETCS Group (County) has various contracts with subrecipients (service providers) to provide program services for programs that have different year-ends than December 31, 2005. The total commitments outstanding for these programs at December 31, 2005 are \$2,114,727. There is sufficient grant funding available to cover the commitments.

## **SUPPLEMENTARY FINANCIAL INFORMATION**

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY FINANCIAL INFORMATION**

To the County Board of Commissioners  
Washtenaw County Employment Training and  
Community Services Fund  
Ann Arbor, Michigan

Our report on our audit of the financial statements of the Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan appears on Page 1. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The statements presented on pages 8-14 are presented for purposes of additional analysis and are not a required part of the financial statements. Also, the Schedule of Expenditures of Federal Awards presented on Pages 19-21 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

  
Certified Public Accountants

February 7, 2006

**WASHTENAW COUNTY EMPLOYMENT TRAINING  
AND COMMUNITY SERVICES FUND**

	Trade Act (#2300)	WIA Admin (#2310)	WIA Adult (#2320)	WIA Incumbent (#2330)
<b>COMBINING BALANCE SHEET DECEMBER 31, 2005</b>				
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ 6,477
Due from grantor agency	7,405	21,689	97,163	-
Due from Washtenaw County	-	-	-	-
Due from other funds	-	-	-	-
Undistributed costs	-	-	-	-
<b>Total assets</b>	<u>\$ 7,405</u>	<u>\$ 21,689</u>	<u>\$ 97,163</u>	<u>\$ 6,477</u>
<b>Liabilities</b>				
Cash overdraft	\$ 7,405	\$ 21,689	\$ 73,643	\$ -
Accrued liabilities	-	-	23,520	6,477
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<u>7,405</u>	<u>21,689</u>	<u>97,163</u>	<u>6,477</u>
<b>Fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 7,405</u>	<u>\$ 21,689</u>	<u>\$ 97,163</u>	<u>\$ 6,477</u>

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Revenues</b>				
Intergovernmental	\$ 99,245	\$ 181,221	\$ 482,416	\$ 149,304
Other revenue	-	-	-	-
<b>Total revenues</b>	<u>99,245</u>	<u>181,221</u>	<u>482,416</u>	<u>149,304</u>
<b>Expenditures</b>				
Social services	<u>99,245</u>	<u>181,221</u>	<u>482,416</u>	<u>149,304</u>
Revenues (under) expenditures	-	-	-	-
<b>Other financing sources</b>				
Operating transfers in	-	-	-	-
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
<b>Fund balance, ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING  
AND COMMUNITY SERVICES FUND**

**COMBINING BALANCE SHEET  
DECEMBER 31, 2005**

	WIA Youth (#2340)	WIA Dislocated (#2350)	Clearing (#2370)	Reemployment (#2380)
<b>Assets</b>				
Cash	\$ -	\$ -	\$ 15,480	\$ -
Due from grantor agency	192,627	111,344	-	5,847
Due from Washtenaw County	-	-	-	-
Due from other funds	-	-	-	-
Undistributed costs	-	-	32,444	-
<b>Total assets</b>	<u>\$ 192,627</u>	<u>\$ 111,344</u>	<u>\$ 47,924</u>	<u>\$ 5,847</u>
<b>Liabilities</b>				
Cash overdraft	\$ 192,627	\$ 111,344	\$ -	\$ 5,847
Accrued liabilities	-	-	47,924	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<u>192,627</u>	<u>111,344</u>	<u>47,924</u>	<u>5,847</u>
<b>Fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 192,627</u>	<u>\$ 111,344</u>	<u>\$ 47,924</u>	<u>\$ 5,847</u>

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Revenues</b>				
Intergovernmental	\$ 863,009	\$ 586,060	\$ -	\$ 28,779
Other revenue	-	-	-	-
<b>Total revenues</b>	<u>863,009</u>	<u>586,060</u>	<u>-</u>	<u>28,779</u>
<b>Expenditures</b>				
Social services	<u>863,009</u>	<u>586,060</u>	<u>-</u>	<u>28,779</u>
Revenues (under) expenditures	-	-	-	-
<b>Other financing sources</b>				
Operating transfers in	-	-	-	-
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
<b>Fund balance, ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING  
AND COMMUNITY SERVICES FUND**

**COMBINING BALANCE SHEET  
DECEMBER 31, 2005**

	Scholarships (#2400)	Welfare to Work (#2410)	Work First (#2420)	One Stop Operations (#2430)
<b>Assets</b>				
Cash	\$ 36,159	\$ -	\$ -	\$ -
Due from grantor agency	-	-	219,577	-
Due from Washtenaw County	-	-	-	-
Due from other funds	-	-	-	-
Undistributed costs	-	-	-	-
<b>Total assets</b>	<u>\$ 36,159</u>	<u>\$ -</u>	<u>\$ 219,577</u>	<u>\$ -</u>
<b>Liabilities</b>				
Cash overdraft	\$ -	\$ -	\$ 141,136	\$ -
Accrued liabilities	-	-	78,441	-
Due to other funds	-	-	-	-
Deferred revenue	36,159	-	-	-
<b>Total liabilities</b>	<u>36,159</u>	<u>-</u>	<u>219,577</u>	<u>-</u>
<b>Fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 36,159</u>	<u>\$ -</u>	<u>\$ 219,577</u>	<u>\$ -</u>

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Revenues</b>				
Intergovernmental	\$ -	\$ 273,710	\$ 1,103,558	\$ 152,997
Other revenue	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>273,710</u>	<u>1,103,558</u>	<u>152,997</u>
<b>Expenditures</b>				
Social services	<u>-</u>	<u>273,710</u>	<u>1,103,558</u>	<u>152,997</u>
Revenues (under) expenditures	-	-	-	-
<b>Other financing sources</b>				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING  
AND COMMUNITY SERVICES FUND**

	Displaced Homemaker (#2450)	Food Stamp Emp/Trng (#2460)	Reed Act Work First (#2480)	Employ Service (#2490)
<b>COMBINING BALANCE SHEET DECEMBER 31, 2005</b>				
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Due from grantor agency	13,447	10,014	-	120,429
Due from Washtenaw County	-	-	-	-
Due from other funds	-	-	-	-
Undistributed costs	-	-	-	-
<b>Total assets</b>	<u>\$ 13,447</u>	<u>\$ 10,014</u>	<u>\$ -</u>	<u>\$ 120,429</u>
<b>Liabilities</b>				
Cash overdraft	\$ 13,447	\$ 10,014	\$ -	\$ 120,429
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<u>13,447</u>	<u>10,014</u>	<u>-</u>	<u>120,429</u>
<b>Fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 13,447</u>	<u>\$ 10,014</u>	<u>\$ -</u>	<u>\$ 120,429</u>

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Revenues</b>				
Intergovernmental	\$ 36,055	\$ 29,931	\$ 250,350	\$ 526,023
Other revenue	-	-	-	-
<b>Total revenues</b>	<u>36,055</u>	<u>29,931</u>	<u>250,350</u>	<u>526,023</u>
<b>Expenditures</b>				
Social services	<u>36,055</u>	<u>29,931</u>	<u>250,350</u>	<u>526,023</u>
Revenues (under) expenditures	-	-	-	-
<b>Other financing sources</b>				
Operating transfers in	-	-	-	-
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	-	-	-	-
<b>Fund balance, ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING  
AND COMMUNITY SERVICES FUND**

	NPP (#2530)	CSA Clearing (#2580)	Community Services Block Grant (#2600)	Summer Food (#2620)
<b>COMBINING BALANCE SHEET DECEMBER 31, 2005</b>				
<b>Assets</b>				
Cash	\$ 10,080	\$ 55,240	\$ 693,480	\$ -
Due from grantor agency	10,019	-	28,332	-
Due from Washtenaw County	-	-	-	-
Due from other funds	-	-	-	-
Undistributed costs	-	-	-	-
<b>Total assets</b>	<u>\$ 20,099</u>	<u>\$ 55,240</u>	<u>\$ 721,812</u>	<u>\$ -</u>
<b>Liabilities</b>				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	55,240	-	-
Due to other funds	-	-	162,447	-
Deferred revenue	-	-	22,740	-
<b>Total liabilities</b>	<u>-</u>	<u>55,240</u>	<u>185,187</u>	<u>-</u>
<b>Fund balance</b>	<u>20,099</u>	<u>-</u>	<u>536,625</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 20,099</u>	<u>\$ 55,240</u>	<u>\$ 721,812</u>	<u>\$ -</u>

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 527,992	\$ 83,882
Other revenue	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>527,992</u>	<u>83,882</u>
<b>Expenditures</b>				
Social services	57,994	-	855,640	83,882
<b>Revenues (under) expenditures</b>	<u>(57,994)</u>	<u>-</u>	<u>(327,648)</u>	<u>-</u>
<b>Other financing sources</b>				
Operating transfers in	-	-	353,334	-
<b>Revenues and other sources over (under) expenditures</b>	<u>(57,994)</u>	<u>-</u>	<u>25,686</u>	<u>-</u>
<b>Fund balance, beginning</b>	<u>78,093</u>	<u>-</u>	<u>510,939</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 20,099</u>	<u>\$ -</u>	<u>\$ 536,625</u>	<u>\$ -</u>



**WASHTENAW COUNTY EMPLOYMENT TRAINING  
AND COMMUNITY SERVICES FUND**

**COMBINING BALANCE SHEET  
DECEMBER 31, 2005**

	Senior Nutrition (#2630)	Foster Grandparent (#2650)	Emergency Services (#2680)	TEFAP (#2690)
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Due from grantor agency	23,132	22,378	18,215	3,247
Due from Washtenaw County	-	-	-	-
Due from other funds	-	67,125	-	-
Undistributed costs	-	-	-	-
<b>Total assets</b>	<u>\$ 23,132</u>	<u>\$ 89,503</u>	<u>\$ 18,215</u>	<u>\$ 3,247</u>
<b>Liabilities</b>				
Cash overdraft	\$ 23,132	\$ 78,545	\$ 18,215	\$ 3,247
Accrued liabilities	-	10,958	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<u>23,132</u>	<u>89,503</u>	<u>18,215</u>	<u>3,247</u>
<b>Fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 23,132</u>	<u>\$ 89,503</u>	<u>\$ 18,215</u>	<u>\$ 3,247</u>

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Revenues</b>				
Intergovernmental	\$ 736,134	\$ 289,164	\$ 287,884	\$ 12,785
Other revenue	189,593	18,670	-	-
<b>Total revenues</b>	<u>925,727</u>	<u>307,834</u>	<u>287,884</u>	<u>12,785</u>
<b>Expenditures</b>				
Social services	<u>978,884</u>	<u>374,130</u>	<u>410,471</u>	<u>12,785</u>
Revenues (under) expenditures	(53,157)	(66,296)	(122,587)	-
<b>Other financing sources</b>				
Operating transfers in	<u>53,157</u>	<u>66,296</u>	<u>122,587</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING  
AND COMMUNITY SERVICES FUND**

	Home Repair and Weatherize (#2700)	Maximus (#2710)	Hurricane Katrina (#2750)	Total
<b>COMBINING BALANCE SHEET DECEMBER 31, 2005</b>				
<b>Assets</b>				
Cash	\$ -	\$ -	\$ 100	\$ 817,016
Due from grantor agency	176,276	-	-	1,081,141
Due from Washtenaw County	8,629	-	-	8,629
Due from other funds	95,322	-	-	162,447
Undistributed costs	-	-	-	32,444
<b>Total assets</b>	<u>\$ 280,227</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 2,101,677</u>
<b>Liabilities</b>				
Cash overdraft	\$ 183,581	\$ -	\$ -	\$ 1,004,301
Accrued liabilities	-	-	-	222,560
Due to other funds	-	-	-	162,447
Deferred revenue	50,331	-	-	109,230
Total liabilities	<u>233,912</u>	<u>-</u>	<u>-</u>	<u>1,498,538</u>
<b>Fund balance</b>	<u>46,315</u>	<u>-</u>	<u>100</u>	<u>603,139</u>
<b>Total liabilities and fund balance</b>	<u>\$ 280,227</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 2,101,677</u>

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Revenues</b>				
Intergovernmental	\$ 851,479	\$ -	\$ -	\$ 7,551,978
Other revenue	-	9,820	100	218,183
Total revenues	<u>851,479</u>	<u>9,820</u>	<u>100</u>	<u>7,770,161</u>
<b>Expenditures</b>				
Social services	<u>851,479</u>	<u>9,820</u>	<u>-</u>	<u>8,397,743</u>
Revenues (under) expenditures	-	-	100	(627,582)
<b>Other financing sources</b>				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>595,374</u>
Revenues and other sources over (under) expenditures	-	-	100	(32,208)
Fund balance, beginning	<u>46,315</u>	<u>-</u>	<u>-</u>	<u>635,347</u>
<b>Fund balance, ending</b>	<u>\$ 46,315</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 603,139</u>

**SUPPLEMENTARY INFORMATION  
ON FEDERAL AWARDS**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Board of Commissioners  
Washtenaw County Employment Training and  
Community Services Fund  
Ann Arbor, Michigan

We have audited the financial statements of Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan as of and for the year ended December 31, 2005, and have issued our report thereon, dated February 7, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financing Reporting**

In planning and performing our audit, we considered Washtenaw County Employment Training and Community Services Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Washtenaw County Employment Training and Community Services Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the audit committee, management, the County Board of Commissioners, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Stewart, Beauvoir & Whipple".

Certified Public Accountants

February 7, 2006



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Board of Commissioners  
Washtenaw County Employment Training and  
Community Services Fund  
Ann Arbor, Michigan

**Compliance**

We have audited the compliance of Washtenaw County Employment Training and Community Services Fund, a special revenue fund of Washtenaw County, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2005. Washtenaw County Employment Training and Community Services Fund's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Washtenaw County Employment Training and Community Services Fund's administration. Our responsibility is to express an opinion on Washtenaw County Employment Training and Community Services Fund's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Washtenaw County Employment Training and Community Services Fund's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Washtenaw County Employment Training and Community Services Fund's compliance with those requirements.

In our opinion, the Washtenaw County Employment Training and Community Services Fund complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

## Internal Control Over Compliance

The management of Washtenaw County Employment Training and Community Services Fund is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Washtenaw County Employment Training and Community Services Fund's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the audit committee, management, the County Board of Commissioners, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Certified Public Accountants

February 7, 2006

**WASHTENAW COUNTY EMPLOYMENT TRAINING AND  
COMMUNITY SERVICES FUND**

**SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b><u>FEDERAL AGENCY/PASS-THROUGH GRANTOR /PROGRAM TITLE</u></b>	<b>Catalogue of Federal Domestic <u>Assistance</u></b>	<b><u>Expenditures</u></b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Passed through Area Agency on Aging 1-B - Food Distribution - Senior Nutrition Program	10.550	<u>\$ 110,145</u>
Passed through Michigan Department of Labor and Economic Growth - State Administration Matching Grants for Food Stamp Program	10.561	<u>29,931</u>
Passed through Michigan Department of Education: Summer Food Service Program for Children	10.559	83,882
Emergency Food Assistance Program: Commodities	10.568	51,808
Administration	10.568	<u>12,785</u>
		<u>148,475</u>
<b>Total U.S. Department of Agriculture</b>		<u>288,551</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Passed through Washtenaw County Planning Department - Community Development Block Grants	14.228	267,956
Passed through Washtenaw HOME Consortium - Home Investment Partnership Program	14.239	<u>46,505</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>314,461</u>



**WASHTENAW COUNTY EMPLOYMENT TRAINING AND  
COMMUNITY SERVICES FUND**

**SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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<b>FEDERAL AGENCY/PASS-THROUGH GRANTOR /PROGRAM TITLE</b>	Catalogue of Federal Domestic <u>Assistance</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF LABOR</b>		
Passed through Michigan Department of Labor and Economic Growth:		
Employment Services	17.207	526,023
Reemployment Services Initiative	17.207	28,779
Trade Adjustment Assistance	17.245	99,245
Reed Act - Work First	17.xxx	250,350
Reed Act - Service Center Operations	17.xxx	152,997
Workforce Investment Act:		
Adult Programs	17.258	569,260
Youth Activities	17.259	989,444
Dislocated Workers	17.260	703,306
Dislocated Workers - Displaced Homemakers	17.260	<u>36,055</u>
<b>Total U.S. Department of Labor</b>		<u>3,355,459</u>
<b>U.S. DEPARTMENT OF ENERGY</b>		
Passed through Michigan Family Independence Agency - Weatherization Assistance for Low-Income Persons	81.042	<u>298,562</u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING AND  
COMMUNITY SERVICES FUND**

**SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>FEDERAL AGENCY/PASS-THROUGH GRANTOR /PROGRAM TITLE</b>	Catalogue of Federal Domestic <u>Assistance</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Passed through Area Agency on Aging 1-B - Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	415,847
Passed through Michigan Family Independence Agency: Low-Income Home Energy Assistance	93.568	238,456
Low-Income Home Energy Assistance - Crisis Assistance	93.568	20,171
Community Services Block Grant	93.569	527,992
		786,619
Passed through Michigan Department of Labor and Economic Growth: Temporary Assistance for Needy Families	93.558	1,103,558
Passed through Michigan Family Independence Agency: Temporary Assistance for Needy Families	93.558	66,220
<b>Total U.S. Department of Health and Human Services</b>		2,372,244
<b>CORPORATION FOR NATIONAL SERVICE</b>		
Direct Program - Foster Grandparent Program	94.011	277,378
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ 6,906,655</b>

**WASHTENAW COUNTY EMPLOYMENT TRAINING  
AND COMMUNITY SERVICES FUND**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 1 - BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Washtenaw County Employment Training and Community Services Fund and is presented on the same basis of accounting as the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2 - SUBRECIPIENTS:**

For the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the Washtenaw County Employment Training and Community Services Fund provided federal awards to subrecipients as follows:

<u>Program</u>	<u>Amount</u>
Employment/Reemployment Services	\$ 492,732
Reed Act and Temporary Assistance to Needy Families TANF	995,375
Workforce Investment Act	1,088,787

**NOTE 3 - RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

The following schedule reconciles the intergovernmental revenue reported on the December 31, 2005 financial statements to the federal award expenditures reported in the Schedule of Expenditures of Federal Awards:

Revenue per Financial Statements –	
Intergovernmental	\$ 7,551,978
Less – State	<u>645,323</u>
Total Federal Award Expenditures	<u>\$ 6,906,655</u>

**WASHTENAW COUNTY EMPLOYMENT TRAINING  
AND COMMUNITY SERVICES FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**Section I – Summary Of Auditor’s Results:**

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal controls over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes      x   no

Reportable condition(s) identified not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      x   no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes      x   no

Reportable condition(s) identified not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? \_\_\_\_\_ yes      x   no

**Identification of Major Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster/Grants/State Programs</u>
CFDA # 10.550	Food Distribution – Senior Nutrition Program
CFDA # 17.207	Employment Services
CFDA # 17.207	Reemployment Services Initiative
CFDA # 93.568	Low-Income Home Energy Assistance
CFDA # 93.569	Community Services Block Grant
CFDA # 94.011	Foster Grandparent Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?   x   yes    \_\_\_\_\_ no

**Section II – Financial Statement Findings:**

There were no financial statement findings.

**Section III – Federal Award Findings and Questioned Costs:**

There were no Federal Award Findings and Questioned Costs required to be reported in accordance with Section 510(a) of Circular A-133.

**Section IV – Previous Year Findings:**

There were no financial statement findings or Federal Award Findings and Questioned Costs in the previous year.